

Come Join
**THE CALIFORNIA DEBT AND INVESTMENT ADVISORY
COMMISSION**
and
THE BOND BUYER

*On September 11th in San Francisco
At the Sheraton Palace Hotel
From 10 am – 3 pm
For*

A PRECONFERENCE PROGRAM

**“TOOLS TO REVITALIZE YOUR COMMUNITIES:
CONDUIT FINANCING”**

The **CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION (CDIAC)** of the State Treasurer's Office will host a pre-conference program that is designed to provide locals government officials with tools that will assist with community revitalization.

Come hear a variety of panels address programs available for communities to access. These panels of municipal specialists will provide an overview of the various programs available and how to access them.

Topics featured in the program include:

- An **overview of the conduit issuance** process outlined by industry experts.
- Industrial Development Bond Financing offered by the **California Industrial Development Financing Advisory Commission**
- Small Business Tax-Exempt Bond Financing Programs offered by **California Pollution Control Financing Authority**
- Finance opportunities offered by the **California Infrastructure and Economic Development Bank**
- Featured **Luncheon Speakers** from local government with practical tips and hands-on advice.



For more information regarding this program please contact Lisa M. Harris, Executive Director of CDIAC, at (916) 653-3269 or see CDIAC's web site at www.treasurer.ca.gov/cdiac

THE CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION

Presents

TOOLS TO REVITALIZE YOUR COMMUNITY: CONDUIT FINANCING

Wednesday, September 11, 2002
At the 12th Annual Public Finance Conference
The Palace Hotel
San Francisco, CA

The California Debt and Investment Advisory Commission is pleased to present another program in its continuing series of workshops focusing on tools for community revitalization. On September 11, 2002, CDIAC will present a daylong pre-conference program at *The Bond Buyer's* 12th Annual California Public Finance Conference in San Francisco. The program entitled ***Tools to Revitalize Your Community: Conduit Financing*** will offer attendees valuable information about conduit financing and specific conduit financing programs offered through the State Treasurer's Office and the California Infrastructure and Economic Development Bank.

Conduit financing is a form of financing in which a government or a governmental entity lends its name to a bond issue, although it is acting only as a conduit between a specific project and bond holders. The bondholders can look only to the revenues from the project being financed for repayment and not to the government or agency whose name appears on the bond. This method of financing allows local governments to access funds to feed their community projects and needs without taxing an issuer's ability to manage their debt capacities.

This one-day program is designed to provide local government officials with an understanding of the various alternative-financing tools available to help their communities to grow. The session will begin with a panel of public and private practitioners who will explain important terms and concepts key to understanding conduit financing. This will be followed by three moderated panel discussions addressing questions regarding various components essential to launching successful conduit financing programs. Each panel will include a structured introduction by a panel member and then panelists will respond to key questions allowing discussion among speakers. This format will also allow for audience participation. The day will include a luncheon featuring speeches by local government officials who will address community revitalization in their urban and rural communities. Following the program, State Treasurer Philip Angelides will speak at the formal opening of the Conference.

WEDNESDAY, SEPT. 11, 2002

9:30 AM REGISTRATION BEGINS

**CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION
PRECONFERENCE WORKSHOP ON CONDUIT FINANCING (SEPARATE REGISTRATION)**

10:00 INTRODUCTION AND WELCOME
Lisa M. Harris, Executive Director, CDIAC
Barbara Lloyd, Deputy Treasurer, State of California

10:30-11:30 CONDUIT FINANCING 101
Moderator: *Mark Campbell, Research Specialist, CDIAC*
Leonard Berry, Senior Vice President, The Chapman Company
Sam Balisy, Esq., Kutak Rock
Kate McDonough, Managing Director, Ambac
Jean Kushida Uda, Investment Officer, State Teachers Retirement System

As a primer for any local finance officer contemplating a bond offering through an issuing authority, this panel of municipal specialists will provide an overview on conduit

THE CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION
Presents

**TOOLS TO REVITALIZE YOUR COMMUNITY:
CONDUIT FINANCING**

Wednesday, September 11, 2002
At the 12th Annual Public Finance Conference
The Palace Hotel
San Francisco, CA

financings- what the roles and responsibilities are for each team member, how the process works, the secondary market disclosure responsibilities, and basic definitions.

Panel Sessions

11:30 – 12:30 INDUSTRIAL DEVELOPMENT BOND FINANCING

Moderator: *Lisa M. Harris, Executive Director, CDIAC*

*Joanie Jones-Kelly, Executive Director, California Industrial Development Financing
Advisory Commission (CIDFAC)*

Donna Linton, Assistant County Administrator, County of Alameda

P.Scott Nagelson, Principal, Banc of America Securities, LLC

Through the use of tax-exempt borrowings, a manufacturer or processing company can achieve significant interest cost savings. This session will cover a discussion of this important incentive and how municipal issuers can access this kind of funding through state programs in California.

IDBs are tax –exempt securities issued by a qualified governmental entity to finance qualified capital projects for use by private businesses. The local issuing authority acts as a conduit for the IDB financing. The loan is made to the governmental entity and the entity, in turn, lends the funds to the business. Because the obligation is issued by a governmental entity, the interest income earned by the bondholder is not subject to federal income tax. Therefore, lower interest rates can be offered and the tax-exempt interest savings are passed on to the manufacturing or processing company.

12:30 – 1:45 LUNCH

Financing Tools at Work: The Urban and Rural Story

Luncheon Speakers: *Willie Kennedy, Director, Bay Area Rapid Transit*

Regan Wilson, Chief Executive Officer, Stanislaus County

1:45- 2:45 SMALL BUSINESS POLLUTION CONTROL TAX-EXEMPT BOND FINANCING

Moderator: *Lawrence Tonomura, Principal, Banc of America Securities LLC*

*Eric Thomas, Deputy Director, California Pollution Control Financing Authority
(CPCFA)*

Leslie Lava, Esq., Law Offices of Leslie Lava

Mark Holmstedt, Principal, Westhoff, Cone & Holmstedt

Small business rarely have access to long-term financing at the same terms given larger businesses. The Small Business Pollution Control Tax-Exempt Bond Financing Program addresses this situation through by issuing low interest bonds and providing other financial and technical assistance to applicants. This session will cover California's program and its benefits to small companies.

Tax exempt bond financing provides qualified small businesses with lower interest costs than are available through conventional financing mechanisms. Small businesses usually do not have access to financial markets in the same way that larger businesses do. The Small Business Pollution Control Tax-Exempt Bond Financing Program gives small businesses access to the financial markets by issuing the bonds on behalf of the borrower and by providing other financial and technical assistance to applicants.

THE CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION

Presents

TOOLS TO REVITALIZE YOUR COMMUNITY: CONDUIT FINANCING

Wednesday, September 11, 2002
At the 12th Annual Public Finance Conference
The Palace Hotel
San Francisco, CA

2:45- 3:45 CONDUIT 501(C)(3) REVENUE BOND FINANCING

Moderator: *Barbara Lloyd, Deputy Treasurer, State Treasurer Office*
Stanton Hazelroth, Executive Director, California Infrastructure and Economic
Development Bank (CIEDB)
Steve Juarez, CFO, The Getty Trust
Nathan Brostrom, Vice President, J.P. Morgan Securities, Inc.
Sean Tierney, Bond Counsel, Hawkins, Delafield & Wood

The panel will focus on incentives granted through federal tax law to benefit not-for-profit organizations such as museums, cultural facilities, and health care and community service providers. Structural issues will be discussed, such as gross and net revenue pledges, arbitrage concerns and due diligence. In addition, the panel will walk through the process and justification for granting such financings.

Non-Profit Corporations, which are formed for charitable, scientific, religious or educational purposes, are called 501(c)(3) corporations. The 501(c)(3) are designated by the Internal Revenue Code. The 501(c)(3) qualifies a non-profit corporation as being tax exempt. Conduit financing through a 501 (c) (3) allows the benefits of tax exempt financing to flow through to the non-profit organizations in a political jurisdiction. Organizations such as private universities or hospitals, when organized "not for profit", can finance their larger equipment acquisitions by going through a "financing authority" of a qualified Section 103 government entity. Interest rates for tax exempt financing are significantly lower than conventional taxable financing, providing these institutions with substantial cost savings.

3:45 CDIAAC PRE-CONFERENCE WORKSHOP CONCLUDES

4:00 THE BOND BUYER CONFERENCE COMMENCES WELCOME

John Rumely, Director, Conference Program, The Bond Buyer

SEPTEMBER 11th MEMORIAL OBSERVANCE

4:20 OPENING ADDRESS

Honorable Philip Angelides, Treasurer, State of California